

# Simple Legacy Giving with your Retirement Account

By Mary Hess, Director of Legacy Giving\*

*Retirement accounts are a simple and tax efficient way to leave a Legacy Gift. All you need is a change of beneficiary form.*

Historically, 70% of American families give to charity each year out of their annual income. However, only 6% to 7% of American families make any provision for charity in their estate plan. While there may be a number of reasons for this difference, one reason is that many people don't realize how easily they can provide for charitable causes after they are gone.

Previous articles in this space have reviewed bequests and annuities as methods of making a Legacy Gift. A third easy tool is a retirement account. Did you know you can provide for Westminster at your death without even changing your will? You can simply change the beneficiary designation of your retirement account. This is also one of the most efficient ways to give. Here's why:

Retirement accounts typically accumulate pre-tax dollars. The pre-tax accumulation allows for the principal to grow more quickly than if income taxes had to be paid each year. During retirement years, account owners use these assets for living expenses, but income taxes have to be paid as withdrawals are made. Often, the retiree's other income is reduced, so the tax bracket is lower. Therefore, the tax triggered by distributions from the retirement account may be in the lowest tax bracket (currently 10%).



Many times, retirement account owners pass away with significant account balances. These balances are still pre-tax. Whoever receives a distribution will be required to pay the income tax based on the tax bracket of the recipient, which is often higher than the retiree's tax rate. In addition, the estate of retirement account owners may be subject to estate taxes. The combination of income tax and estate tax could cost 80% of the account balance, meaning that possibly as little as twenty cents of every dollar in the retirement account would be available to heirs.

Why not consider the option of leaving some, if not all, of your retirement account to Westminster? All you need is a change of beneficiary form, available from your plan administrator. Every dollar that is passed to Westminster at your death will benefit both you and the church at one hundred cents on the dollar. There will be no income tax or estate tax due on those assets, making it one of the best assets to leave to the church. With this simple technique, you can continue your generous support of the church and leave the legacy you desire.

To discuss creating a Legacy Gift, contact Mary Hess, Director of Legacy Giving, at 612.332.3421 or mhess@wpcmpls.org or see [ewestminster.org/Legacy](http://ewestminster.org/Legacy).

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